

PUBLIC DISCLOSURE

September 20, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

BEVERLY CO-OPERATIVE BANK

254 CABOT STREET
BEVERLY, MA 01915

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire local community, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **BEVERLY CO-OPERATIVE BANK** prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

Beverly Co-operative Bank was deemed to have a Satisfactory CRA rating based on its performance with regard to the five performance factors detailed throughout this report. The bank's average net loan to deposit ratio over the past eight quarters was 91.6 percent. Based on the bank's asset size and resources this ratio is considered strong.

The bank's percentage of lending within its assessment area is slightly below 50.0 percent by both number and dollar amount and does not meet the standards for satisfactory performance.

Beverly Co-operative Bank's distribution of loans by borrower income level was determined to exceed the standards for satisfactory performance. For the period January 1, 1998 through June 30, 1999 a total of 31 HMDA reportable loans representing 26.9 percent of the bank's loans within the assessment area, were extended to low and moderate-income borrowers. The bank's 1998 lending activity was also compared to all other HMDA reporters who made loans in the assessment area in the same year. This analysis concluded that Beverly Co-operative Bank made 26.0 percent of its loans by number to low and moderate-income borrowers compared to the aggregate with 17.2 percent.

The geographic distribution of Beverly Co-operative Bank's HMDA-reportable lending is also considered to exceed the standards for satisfactory performance. A total of 30 loans (representing 26.1 percent) were located in the moderate-income census tract. The bank's assessment area does not include any low-income census tracts. In 1998, the percentage of the bank's lending activity in moderate-income census tracts was 26.1 percent by number and 38.4 percent by dollar. In comparison, the aggregate originated 17.3 percent by number and 12.8 percent by dollar in the moderate-income census tracts during the same time period.

Finally, Beverly Co-operative Bank's fair lending policies and practices are considered reasonable. No weight was given to a review of complaints, as none have been received since the prior examination.

PERFORMANCE CONTEXT

Description of Institution

Beverly Co-operative Bank is a state chartered financial institution founded in 1888. As of June 30, 1999, the bank had total assets of \$94.9 million. The bank's main office is located at 254 Cabot Street. In addition, the bank operates two other branches at 63 Dodge Street and 48 Enon Street. All three offices are located in middle-income census tracts in Beverly, Massachusetts. The bank is primarily a residential mortgage lender with its portfolio centered in 1-4 family residential real estate loans, located mostly in Beverly and the surrounding areas. Banking hours are considered convenient and accessible to the bank's customers. Automated Teller Machines (ATMs), which are linked to the NYCE and Cirrus networks, are located at each office.

Beverly Co-operative Bank offers various types of lending products such as adjustable rate mortgage loans, fixed rate mortgage loans, construction loans, home improvement loans, automobile loans, student loans, and passbook collateral loans. The following table details the bank's loan portfolio as a percent of gross loans. This information was obtained from the bank's Call Report of Condition as of June 30, 1999.

Loan Portfolio as of June 30, 1999	
Type of Loans	% of Gross Loans
Construction & Land Development	1.9%
Residential Real Estate	
a. 1-4 Family Mortgages	68.6%
b. Home Equity Lines	3.7%
Multifamily	2.4%
Commercial Loans	
a. Commercial Real Estate	1.4%
b. Commercial & Industrial Loans	19.6%
Consumer Loans	
a. Credit Cards & Related Plans	0.0%
b. Loans to Individuals	2.4%
Other	0.0%
Total	100.0%

Source: Call Report as of 6/30/99.

As shown by the data in the table above, residential real estate is the bank's primary form of credit activity. Loans secured by one-to-four family residential property account for approximately 68.6 percent of all outstanding credit. Commercial and industrial loans are next with 19.6 percent, followed by home equity lines with 3.7 percent.

In 1998, the top five mortgage lenders within the bank's defined assessment area were: (1) Countrywide Home Loans; (2) Assurance Mortgage Corporation (3) Peoples Heritage Bank (4) Beverly Co-operative Bank and (5) Eastern Bank. These top five lenders held a 23.5 percent market share of all mortgage loan originations reported under the Home Mortgage Disclosure Act (HMDA).

Based on aggregate HMDA data for 1998, Beverly Co-operative Bank ranked fourth among all HMDA reporting lenders within its defined assessment area and held 3.4 percent of the market share. There were 227 HMDA reporting mortgage lenders active within the assessment area in 1998.

The bank's most recent Community Reinvestment Act (CRA) evaluation, performed by the FDIC as of June 4, 1998 assigned a rating of "Satisfactory". The previous evaluation performed by the Commonwealth of Massachusetts as of May 6, 1996 also assigned a rating of "Satisfactory".

Description of Assessment Area

The Community Reinvestment Act (CRA) requires a financial institution to define an assessment area within which it will focus its lending efforts. The Division of Banks evaluates the institution's CRA performance based on the defined assessment area. Generally, assessment areas are expected to consist of Metropolitan Statistical Areas (MSAs) or contiguous political subdivisions such as counties, cities and towns.

Beverly Co-operative Bank defines its assessment area as the City of Beverly. Beverly is located within Essex County and the Boston Metropolitan Statistical Area (MSA). The Boston MSA median Family Household Income (FHI) was \$60,000 for 1998, and \$62,700 for 1999.

According to 1990 US Census Data, Beverly Co-operative Bank's assessment area has a total population of 38,195 individuals. The assessment area consists of six census tracts. Census tracts are defined as either low, moderate, middle or upper-income based on median Family Household Income (FHI) within the census tract. The census tract breakdown for Beverly Co-operative Bank includes two census tracts or 33.3 percent designated as moderate-income; three or 50.0 percent designated as middle-income; and one or 16.7 percent designated as upper-income. There are no low-income census tracts within the assessment area.

The following table outlines the census tracts by income level and includes the number and percentage of households within each tract category.

Assessment Area Demographics

CENSUS TRACT INCOME LEVEL	NUMBER OF CENSUS TRACTS	CENSUS TRACT PERCENTAGE	HOUSEHOLDS	HOUSEHOLD PERCENTAGE
MODERATE	2	33.3	4,373	29.6

MIDDLE	3	50.0	8,113	54.9
UPPER	1	16.7	2,288	15.5
TOTAL	6	100.0	14,774	100.0

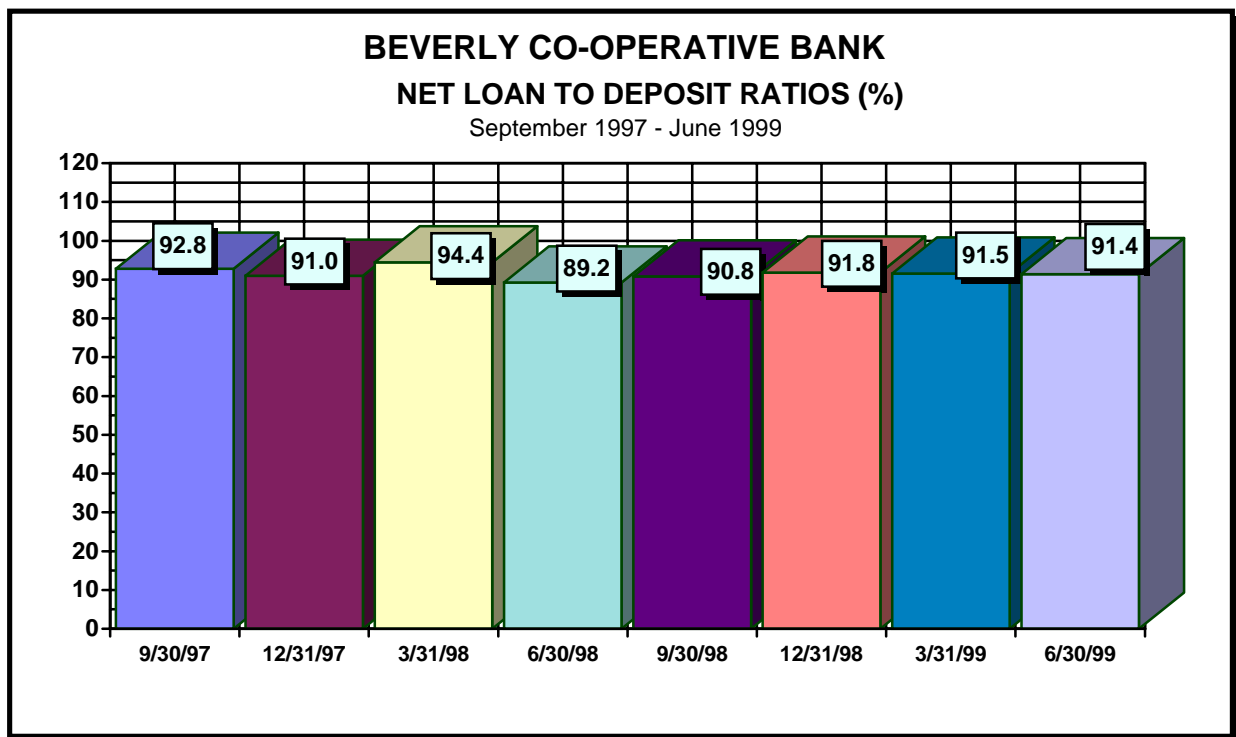
Source: 1990 Census Data

The housing stock within the assessment area consists primarily of one to four-family residential dwellings, which comprise 75.7 percent of the housing units. Of the total housing units 55.7 percent are owner-occupied. The owner occupancy level ranged from a low of 31.3 percent in moderate-income census tract to a high of 72.6 percent in the upper-income census tract. The median home value of the assessment area is \$175,654.

PERFORMANCE CRITERIA

1. LOAN TO DEPOSIT ANALYSIS

Beverly Co-operative Bank's average net loan to deposit ratio was calculated by using the data reported in the previous eight quarterly FDIC Call Reports. This ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits. The bank's average net loan-to-deposit ratio for the period of September 30, 1997 through June 30, 1999 is 91.6 percent. The asset size of the institution has increased from \$93.8 million as of June 30, 1998 to \$94.9 million as of June 30, 1999. During this same period, net loans increased approximately 5.7 percent, while deposits have increased approximately 3.2 percent. This shows that the loan growth has slightly outpaced the deposit growth. As indicated in the table below, the bank's net loan to deposit ratio stands at 91.4 percent as of June 30, 1999. The following graph depicts the net loan to deposit ratio for each quarter under review.



The following table compares the bank's net loan-to-deposit ratio with five other institutions in the area. The ratios ranged from 104.9 percent to 62.4 percent. Beverly Co-operative Bank is ranked third with a net loan-to-deposit ratio of 91.5 percent. The ratios shown are calculated from the FDIC's Call Report data for March 31, 1999 and are listed in descending order.

INSTITUTION	NET LOAN TO DEPOSIT RATIO – 03/31/1999
Danvers Savings Bank	104.9
Ipswich Savings Bank	100.9
Beverly Co-operative Bank	91.5
Heritage Co-operative Bank	84.4
Warren Five Cents Savings Bank	75.1
Century Bank and Trust	62.4

Based on the above information, the bank's asset size and resources, competition, and the credit needs of the assessment area, the bank's net loan to deposit ratio is considered strong and exceeds the standard for satisfactory performance.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA

Beverly Co-operative Bank's 1998 and year-to-date 1999 (through June 30) Loan Application Registers (LARs) were reviewed to determine the amount of credit extended within the bank's delineated assessment area. During this period, the bank originated 240 HMDA-reportable loans totaling approximately \$35,752,000. Of this amount, 115 loans, or 47.9 percent of the number, totaling \$17,296,000 or 48.4 percent of the dollar amount was originated in the bank's assessment area.

Market statistical data for calendar year 1998 compiled by PCI Services, Inc. CRA Wiz indicated that Beverly Co-operative Bank ranked fourth in market share for HMDA-reportable originations and purchases throughout its assessment area with 3.4 percent of the market. Of the bank's total loans originated within the assessment area, 79.1 percent were refinances of home purchases, 13.9 percent were for conventional home purchases, and 7.0 percent were on multifamily dwellings.

As mentioned in the Performance Context the bank's assessment area consists only of the City of Beverly. Refer to the following tables for additional information regarding the bank's HMDA-reportable lending, by both number and dollar amount.

HMDA-Reportable Loans by Number of Originations

Location	1998		1999-YTD		Totals	
	#	%	#	%	#	%
Beverly	92	49.2	23	43.4	115	47.9
Outside Assessment Area	95	50.8	30	56.6	125	52.1
Total	187	100.0	53	100.0	240	100.0

Source: HMDA/LAR Data for the period 1/1/98 to 6/30/99

HMDA-Reportable Loans by Dollar Amount of Originations

Location	1998		1999-YTD		Totals	
	\$ (000)	%	\$ (000)	%	\$(000)	%
Beverly	14,133	50.7	3,163	40.3	17,296	48.4
Outside Assessment Area	13,761	49.3	4,695	59.7	18,456	51.6
Total	27,894	100.0	7,858	100.0	35,752	100.0

Source: HMDA/LAR Data for the period 1/1/98 to 6/30/99

As mentioned previously, the bank demonstrates a strong market share for HMDA-reportable lending in the City of Beverly. However, for the period under review the majority of the bank's loan originations have been outside of the assessment area. Therefore, the institution's level of lending within its assessment area does not meet the standards for satisfactory performance.

3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

The bank's residential loans were further analyzed to determine the distribution of lending by borrower income level. The borrowers' reported incomes were compared to the median Family Household Income (FHI) for the Boston Metropolitan Statistical Area (MSA) due to the location of the property. The median FHI for the Boston MSA was \$60,000 in 1998, and \$62,700 in 1999. These income figures are based on estimated Department of Housing and Urban Development (HUD) information.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

The following tables show, by number and dollar amount, HMDA-reportable loans to low, moderate, middle and upper-income borrowers in comparison to the number of families in the assessment area in each respective income group.

Distribution of HMDA-Reportable Loans within the Assessment Area to Borrowers of Different Income Levels by Number

Borrower Income Level	Families		1998		1999-YTD		Total	
	#	%	#	%	#	%	#	%
< 50%	1,797	18.0	5	5.4	0	0.0	5	4.3
50 - 79%	1,968	19.8	19	20.6	7	30.4	26	22.6
80 - 119%	2,402	24.1	24	26.1	7	30.4	31	27.0
> = 120%	3,795	38.1	34	37.0	7	30.4	41	35.7
NA	0	0.0	10	10.9	2	8.8	12	10.4
Total	9,962	100.0	92	100.0	23	100.0	115	100.0

Source: HMDA/LAR Data for the period 1/1/98 to 6/30/99

Distribution of HMDA-Reportable Loans within the Assessment Area to Borrowers of Different Income Levels by Dollar Amount

Borrower Income Level	Families		1998		1999-YTD		Total	
	#	%	\$ (000)	%	\$ (000)	%	\$ (000)	%
< 50%	1,797	18.0	287	2.0	0	0.0	287	1.6
50 - 79%	1,968	19.8	1,787	12.7	687	21.7	2,474	14.3
80 - 119%	2,402	24.1	2,405	17.0	1,030	32.6	3,435	19.9
> = 120%	3,795	38.1	5,161	36.5	1,165	36.8	6,326	36.6
NA	0	0.0	4,493	31.8	281	8.9	4,774	27.6
Total	9,962	100.0	14,133	100.0	3,163	100.0	17,296	100.0

Source: HMDA/LAR Data for the period 1/1/98 to 6/30/99

In 1998 and 1999, the bank extended 5 loans to low-income borrowers representing 4.3 percent by number and 1.6 percent by dollar amount of the total loans for the assessment area. These percentages fall below the 18.0 percent of low-income families within the assessment area. However, it should be noted that the low-income

group contains a large portion of households with incomes so low that home-ownership is virtually impossible. Approximately 29.6 percent or 532 families of the low-income borrowers are below the poverty level. If they were not included, the percentage of families in the low-income category would drop to approximately 13.4 percent, making the bank's distribution by number closer to the adjusted number of low-income families.

The bank extended 26 loans to moderate-income borrowers, representing 22.6 percent by number, as shown above. These loans represent 14.3 percent by dollar amount of the bank's total originations within its assessment area. The number of loans is comparable to the 19.8 percent of moderate-income families within the assessment area.

The distribution of the bank's loans among various borrower income levels was also compared to that of all other HMDA-reportable lenders in the assessment area. Other HMDA-reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage companies. The most recent data available for this analysis relates to calendar year 1998 and is presented in the following table.

Lending within the Assessment Area to Borrowers of Different Income Levels
Beverly Co-operative Bank Compared to All Other HMDA-Reporters

Borrower Income Level	Number of Loans				Dollar Amount of Loans			
	Beverly Co-operative Bank		All Other HMDA Reporters		Beverly Co-operative Bank		All Other HMDA Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
< 50%	5	5.4	124	4.7	287	2.0	11,920	3.0
50 - 79%	19	20.6	331	12.5	1,787	12.7	33,784	8.4
80 - 119%	24	26.1	675	25.5	2,405	17.0	86,053	21.4
> = 120%	34	37.0	1,111	41.9	5,161	36.5	199,258	49.6
NA	10	10.9	408	15.4	4,493	31.8	70,855	17.6
Total	92	100.0	2,649	100.0	14,133	100.0	401,870	100.0

Source: HMDA Data for the period 1/1/98 to 12/31/98.

The distribution of the bank's residential loans, by number and dollar amount, to low-income borrowers is comparable to that of all other HMDA-reporters within the assessment area. As shown above, the bank's percentage of lending to borrowers of low-income was 5.4 percent by number of loans. This is comparable to the aggregate, which originated 4.7 percent of loans by number to low-income borrowers. The bank's HMDA-reportable loans to moderate-income borrowers within the assessment area accounted for 20.6 percent by number and 12.7 percent by dollar amount. This percentage exceeds that of the aggregate, which granted 12.5 percent of total loans by number and 8.4 percent by dollar amount to moderate-income borrowers.

In 1998, Beverly Co-operative Bank ranked second in lending to low and moderate-income borrowers within its assessment area. The bank originated 24 HMDA-

reportable loans to borrowers in these income groups, capturing 5.0 percent of the low and moderate-income market.

The distribution of HMDA-reportable lending by borrower income in comparison to the number of families and the aggregate demonstrates the bank's willingness to lend to borrowers of all income levels, particularly those of low and moderate-income. Therefore, Beverly Co-operative Bank's lending distribution by borrower income levels is considered to exceed the standards for satisfactory performance.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

The HMDA-reportable loans located within the bank's assessment area were further analyzed to determine their location by census tract income level. The assessment area is comprised of six census tracts: two or 33.3 percent are designated as moderate-income; three or 50.0 percent as middle-income; and one or 16.7 percent as upper-income. There are no low-income census tracts in the assessment area.

The following table provides a breakdown, by number and dollar amount, of the bank's HMDA-reportable loans within its assessment area according to the distribution by census tract income level. The table also shows the loans in comparison to the number of owner-occupied housing units in each of the census tract income categories.

Distribution of HMDA-Reportable Loans within the Assessment Area by Census Tract Income Level

Census Tract Income Level	Owner-Occupied Properties		1998		1999-YTD		Total	
	#	%	#	%	#	%	#	%
Moderate	1,483	17.0	24	26.1	6	26.1	30	26.1
Middle	5,516	63.3	53	57.6	13	56.5	66	57.4
Upper	1,718	19.7	15	16.3	4	17.4	19	16.5
Total	8,717	100.0	92	100.0	23	100.0	115	100.0

Source: HMDA/LAR Data for the period 1/1/98 to 6/30/99

Dollar Volume of HMDA-Reportable Loans within the Assessment Area by Census Tract Income Level

Census Tract Income Level	Owner-Occupied Properties		1998		1999-YTD		Total	
	#	%	\$ (000)	%	\$ (000)	%	\$ (000)	%
Moderate	1,483	17.0	5,422	38.4	1,052	33.2	6,474	37.4
Middle	5,516	63.3	6,533	46.2	1,590	50.3	8,123	47.0

Upper	1,718	19.7	2,178	15.4	521	16.5	2,699	15.6
Total	8,717	100.0	14,133	100.0	3,163	100.0	17,296	100.0

Source: HMDA/LAR Data for the period 1/1/98 to 6/30/99

As shown in the above tables, 30 loans, representing 26.1 percent of the number and 37.4 percent of the dollar amount of the bank's total loans within the assessment area for the period reviewed were within moderate-income census tracts. The percentage of loans in the moderate-income tracts exceeds the percentage of owner-occupied properties by both number and dollar amount.

An analysis was also conducted of Beverly Co-operative Bank's lending performance by census tract income level in comparison to all other HMDA-reporting lenders in the assessment area. Other HMDA-reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage companies. The most recent data available for this analysis relates to calendar year 1998 and is presented in the following table.

Lending within the Assessment Area by Census Tract Income Level
Beverly Co-operative Bank Compared to All Other HMDA Reporters

Census Tract Income Level	Number of Loans				Dollar Amount of Loans			
	Beverly Co-operative Bank		All Other Reporters		Beverly Co-operative Bank		All Other Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
Moderate	24	26.1	457	17.3	5,422	38.4	51,572	12.8
Middle	53	57.6	1,566	59.1	6,533	46.2	213,646	53.2
Upper	15	16.3	626	23.6	2,178	15.4	136,652	34.0
Total	92	100.0	2,649	100.0	14,133	100.0	401,870	100.0

Source: HMDA/LAR Data for the period 1/1/98 to 12/31/98.

As demonstrated above, the percentage of the bank's lending activity by number in moderate-income census tracts exceeds that of the aggregate. The percentage of Beverly Co-operative Bank's lending activity in moderate-income census tracts was 26.1 percent by number and 38.4 percent by dollar amount. By comparison, the aggregate originated 17.3 percent by number and 12.8 percent by dollar in the moderate-income census tracts. Additionally, in 1998, Beverly Co-operative Bank ranked third in market share for lending in moderate-income census tracts within its assessment area. The bank originated 24 HMDA-reportable loans in these two census tracts, representing 5.0 percent of the market.

The distribution of the bank's lending by census tract income levels shows that the bank does not exclude moderate-income census tracts. Based upon the above analysis the geographic distribution of Beverly Co-operative Bank's HMDA-reportable lending is considered to exceed the standards for satisfactory performance.

5. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES

Based upon the review of the bank's public comment file and its performance relative to fair lending policies and practices the institution meets the standards for satisfactory performance.

REVIEW OF COMPLAINTS

A thorough review of the public comment file revealed that the bank received no complaints pertaining to its CRA performance since the previous examination.

FAIR LENDING POLICIES AND PRACTICES

Detailed below is the bank's fair lending performance as it correlates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy.

STAFF TRAINING

Beverly Co-operative Bank conducts loan meetings on a regular basis in which discussions about fair lending and diversity occur. However, there is no formal training program for diversity and fair lending.

STAFF COMPOSITION AND COMPENSATION

The bank has a staff of 27 full-time and 19 part-time employees, none of whom is a minority. Beverly Co-operative Bank has one loan originator who is paid a base salary plus incentives.

OUTREACH

Beverly Co-operative Bank ascertains the credit needs of the assessment area through active involvement in numerous community organizations located in the City of Beverly and surrounding area. Additionally, the bank also communicates with the Beverly Community Development Office, an organization that assists low-income families in obtaining housing.

CREDIT PRODUCTS AND UNDERWRITING STANDARDS

The bank evaluates both the products it offers and its product mix on a continuing basis. This analysis is conducted to help determine whether the bank is offering competitive products and whether those products are responsive to the assessment area's needs.

Beverly Co-operative Bank offers its own First Time Home Buyers program with flexible underwriting standards and debt ratios. The bank originated four loans under this program in 1998 totaling \$541,750 and one loan totaling \$280,000 thus far in 1999.

MARKETING

Beverly Co-operative Bank's advertising reaches individuals of all income levels and effectively covers the entire delineated assessment area. The bank utilizes print and radio to advertise its credit products and services. The bank advertises in newspapers throughout its assessment area, including The Salem Evening News and The Beverly Citizens.

CREDIT EDUCATION

The bank has not participated in any formal credit education seminars since the previous examination.

COUNSELLING

Beverly Co-operative Bank's loan officer works individually with customers who are experiencing credit difficulties.

SECOND REVIEW PRACTICES

The bank's President and Vice President review all denied loan applications in order to ensure that the bank's credit standards are carried out fairly and consistently. This review is typically done prior to the applicant receiving an adverse action notice.

INTERNAL CONTROL PROCEDURES

The Vice President reviews the HMDA/LAR data on a quarterly basis at a minimum to check for accuracy.

MINORITY APPLICATION FLOW

According to 1990 Census Data, the bank's assessment area contained a total population of 38,195 individuals of which 3.2 percent are minorities. A review of residential loan applications was conducted in order to determine the number of applications the bank received from minorities. In 1998 and 1999, the bank received 127 residential loan applications from within its assessment area. Of these applications, 1 or 0.8 percent was received from a minority. Refer to the following table for further details.

RESIDENTIAL APPLICATION FLOW

RACE	1998		1999		TOTAL	
	#	%	#	%	#	%
American Indian	0	0.0	0	0.0	0	0.0
Asian	1	1.0	0	0.0	1	0.8
Black	0	0.0	0	0.0	0	0.0
Hispanic	0	0.0	0	0.0	0	0.0
Other	0	0.0	0	0.0	0	0.0
TOTAL MINORITY	1	1.0	0	0.0	1	0.8

White	98	94.2	21	91.3	119	93.7
NA	5	4.8	2	8.7	7	5.5
TOTAL	104	100.0	23	100.0	127	100.0

Source: 1998 & 1999 HMDA\LAR Data

A comparison of the bank's 1998 minority application flow with other HMDA reportable lenders in the area was conducted. Beverly Co-operative Bank received 1.0% of its total applications in 1998 from minority applicants compared to 1.8% from all other HMDA reportable institutions from within the assessment area. Although the percentage is lower than the aggregate, the small number of applicants makes it difficult to reach a statistically sound conclusion.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

BEVERLY CO-OPERATIVE BANK

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **SEPTEMBER 20, 1999**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 19 ____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each local community;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that community.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.